



United States Department of State

*Bureau of Human Resources
Office of Retirement
Room H-620, SA-1
Washington, D.C. 20522*

ELIGIBILITY FOR THE FSPS ANNUITY SUPPLEMENT

PURPOSE

The annuity supplement is a benefit paid until age 62 to certain FSPS employees who retire before age 62 and who are entitled to an immediate annuity. The supplement approximates the value of FSPS service in a Social Security benefit. The general purpose of the supplement is to provide a level of income before age 62 similar to what you will receive at age 62 as part of a Social Security benefit, if eligible for Social Security at that age.

ELIGIBLE

You are immediately eligible for the annuity supplement at time of retirement if you –

1. Have at least 1 full calendar year of FSPS service;
2. Retire with entitlement to an immediate annuity –
 - Voluntary (immediate, except Minimum Retirement Age (MRA) + 10) retirements
 - Involuntary retirements (except MRA + 10)

NOT ELIGIBLE

1. Voluntary retirements subject to the 5% reduction in annuity for each year under age 62 (MRA + 10).
2. Disability retirements.
3. Deferred retirements.

PAYABLE

The annuity supplement is payable from the date of retirement until the month prior to the month in which the annuitant reaches age 62. Beginning at the age of 55, the supplement is subject to an earnings test.

COLA'S

The annuity supplement is not increased by cost-of-living adjustments (COLA's).

EARNINGS TEST

You are not subject to the earnings test in the year in which you retire.

The annuity supplement is subject to an earnings test similar to the one applied to social security benefits and uses the same exempt amount (\$11,520.00 in 2003). Income for this purpose includes earnings after your date of retirement derived from employment in the public or private sector, included WAE appointments, income from Personal Services Contracts, etc. Income for this purpose does not include salary earned before retirement, annuity benefits, social security or unearned (investment) income. A reduction in, or termination of, the supplement is based on excess earnings in the previous year. For example, if an annuitant has earnings (from wages or self-employment) in calendar year 2003 after retirement, which exceeded \$11,520.00, the annuity supplement must be reduced effective December 31, 2003. The reduction in the annuity supplement is \$1 for every \$2 earned over the exempt amount. If the earnings in calendar year 2003 exceeded \$22,000.00, the annuity supplement must be stopped effective December 31, 2003.

If it is determined that your supplement must be reduced or terminated, any supplement amounts that were paid for the period after December 31st of the previous year must be repaid to the Fund.

TERMINATION

The annuity supplement stops at the end of the month prior to your 62nd birthday, whether or not you're entitled to or apply for Social Security benefits at that time.

If the DS-5026 is not received by HR/RET by February 15th each year to establish continuing eligibility based on earned income, your Annuity Supplement will be terminated and the amount paid during January and up the date of actual termination will be returned to the fund by reduction of your Annuity until repaid.